

MOST-FAVORED-NATION TREATMENT FOR AREAS UNDER OCCUPATION OR CONTROL

Exchange of notes at Nanking July 3, 1948

Entered into force July 3, 1948

Expired in accordance with its terms

62 Stat. 2982; Treaties and Other
International Acts Series 1839

The American Ambassador to the Minister of Foreign Affairs

AMERICAN EMBASSY

Nanking, July 3, 1948

EXCELLENCY:

I have the honor to refer to the conversations which have recently taken place between representatives of our two Governments on the conclusion of a bilateral agreement relative to the American Aid to China and to confirm the understanding reached as a result of these conversations as follows:

1. For such time as either the Government of the United States of America or the Government of the Republic of China participates in the occupation or control of any areas in Western Germany or the Free Territory of Trieste, the other Government will apply to the merchandise trade of such areas the provisions of the General Agreement on Tariffs and Trade dated October 30, 1947,¹ as now or hereafter amended, relating to most favored nation treatment.

2. The undertaking in point 1 above will apply on the part of the Government of the United States of America or the Government of China to the merchandise trade of any area referred to therein only for such time and to such extent as such area accords reciprocal most favored nation treatment

¹ TIAS 1700, *ante*, vol. 4, p. 641.

to the merchandise trade of the United States of America or China respectively.

3. The undertakings in points 1 and 2, above, are entered into in the light of the absence at the present time of effective or significant tariff barriers to imports into the areas herein concerned. In the event that such tariff barriers are imposed, it is understood that such undertakings shall be without prejudice to the application of the principles set forth by the Havana Charter for an International Trade Organization² relating to the reduction of tariffs on a mutually advantageous basis.

4. It is recognized that the absence of a uniform rate of exchange for the currency of the areas in Western Germany referred to in point 1, above, may have the effect of indirectly subsidizing the exports of such areas to an extent which it would be difficult to calculate exactly. As long as such a condition exists, and if consultation with the Government of the United States of America fails to reach an agreed solution to the problem, it is understood that it would not be inconsistent with the undertaking in point 1 for the Government of China to levy a countervailing duty on imports of such goods equivalent to the estimated amount of such subsidization, where the Government of China determines that the subsidization is such as to cause or threaten material injury to an established domestic industry or is such as to prevent or materially retard the establishment of a domestic industry.

5. The undertakings in this note shall remain in force until January 1, 1951, and unless at least six months before January 1, 1951, either Government shall have given notice in writing to the other of intention to terminate these undertakings on that date, they shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

Please accept, Excellency, the renewed assurances of my highest consideration.

J. LEIGHTON STUART

His Excellency

Dr. WANG SHIH-CHIEH,

Minister for Foreign Affairs,

Ministry of Foreign Affairs,

Nanking.

² Unperfected; for excerpts, see *A Decade of American Foreign Policy: Basic Documents, 1941-49* (S. Doc. 123, 81st Cong., 1st sess.), p. 391.

The Minister of Foreign Affairs to the American Ambassador

THE MINISTRY OF FOREIGN AFFAIRS
REPUBLIC OF CHINA

NANKING, *July 3, 1948*

EXCELLENCY,

I have the honor to acknowledge receipt of Your Excellency's Note reading as follows:

[For text of U.S. note, see above.]

I have the honor to confirm the above understandings.

Please accept, Excellency, the renewed assurances of my highest consideration.

WANG SHIH-CHIEH

His Excellency

Dr. J. LEIGHTON STUART,
*Ambassador Extraordinary & Plenipotentiary
of the United States of America
to the Republic of China,
Nanking.*